

## DOCKET NO. 2021-\_\_\_\_-E

# Application of Duke Energy Progress, LLC For Approval of Rider DSM/EE-13, Increasing Residential and Non-Residential Rates

DUKE ENERGY PROGRESS, LLC'S  
APPLICATION FOR APPROVAL OF  
RIDER DSM/EE-13

Pursuant to S.C. Code Ann. § 58-37-20 and 10 S.C. Code Ann. Regs. 103-819 and 103-823, the Rules of Practice and Procedure of the Public Service Commission of South Carolina (“Commission”), Duke Energy Progress, LLC (the “Company” or “DEP”) respectfully requests that the Commission approve its application for Rider DSM/EE-13 (“Rider 13”) to recover certain costs and revenue associated with its demand-side management (“DSM”) and energy efficiency (“EE”) programs. Rider 13 provides for the recovery of DSM/EE costs allocated jurisdictionally to South Carolina for the test period, January 1, 2020 through December 31, 2020 (“Test Period”), and for the forecast period, January 1, 2022 through December 31, 2022 (“Forecast Period”); net lost revenues for DSM and EE programs as applicable; and program/portfolio performance incentives (“PPI”) and a Program Return Incentive (“PRI”), as applicable, in accordance with Order Nos. 2015-596 and 2021-33, as explained below.

In support of this Application, the Company shows the Commission the following:

**NAME AND ADDRESS OF DUKE ENERGY PROGRESS**

1. The general offices of Duke Energy Progress, LLC are located at 410 South Wilmington Street, Raleigh, North Carolina; its mailing address is Post Office Box 1551, Raleigh, North Carolina 27602-1551.

**NOTICES AND COMMUNICATIONS**

2. The names and addresses of the attorneys of DEP who are authorized to receive notices and communications with respect to this Application are:

Heather Shirley Smith, Deputy General Counsel  
 Duke Energy Progress, LLC  
 40 West Broad Street, Suite 690  
 Greenville, South Carolina 29601  
*heather.smith@duke-energy.com*

Samuel J. Wellborn, Esquire  
 ROBINSON GRAY STEPP & LAFFITTE, LLC  
 1310 Gadsden Street  
 Columbia, South Carolina 29201  
*swellborn@robinsongray.com*

### **DESCRIPTION OF THE COMPANY**

3. The Company is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the eastern portion of South Carolina and eastern and western portions of North Carolina. It also sells electricity at wholesale to municipal, cooperative, and investor-owned electric utilities. DEP is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. The Company is also authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission.

### **BACKGROUND**

4. The Commission approved the Company's cost recovery mechanism and compensation model for DSM and EE (the "Prior Mechanism") in Order No. 2015-596, Docket No. 2015-163-E (Aug. 19, 2015). The Commission also recently approved a new mechanism through Order No. Order No. 2021-33, Docket No. 2015-163-E (Jan. 15, 2021) ("New Mechanism"; together with the Prior Mechanism, the "Mechanisms"). Pursuant to Order No. 2021-33, the terms of the Prior Mechanism govern the recovery of DSM/EE costs for the Test Period in

this case, and the terms of the New Mechanism govern the recovery of DSM/EE costs for the Forecast Period in this case.

5. The Mechanisms provide that the revenue requirements for DEP's EE and DSM programs recover a reasonable and appropriate estimate of the expenses and net lost revenues expected to be incurred during the rate period along with any PPI earned. Costs are deferred and amortized over a period of time not to exceed ten years, and DEP can earn a rate of return at the overall weighted average net-of-tax rate of return approved in the most recent general rate case on the unamortized balance of such costs. DEP can also defer and recover through its Rider the difference between the reasonable and prudent DSM/EE costs incurred during the test period and the revenues actually realized during such test period under the Rider then in effect.

6. Pursuant to the Mechanisms, the Rider is trued up each year to reflect the difference between the reasonable expenses prudently incurred, net lost revenues incurred, and PPI based on realized results during the test period and the revenues that were actually realized during the test period under the DSM/EE Rider then in effect. Net lost revenues can be recovered for the first 36 months after the installation of the measure and shall be trued up in the first DSM/EE cost recovery proceeding following the completion and review of a program or measure's impact evaluation. The kWh sales reductions that result from measurement units installed will cease to be eligible for use in calculating net lost revenues as of the effective date of the implementation of new rates approved by the Commission in a general rate case or comparable proceeding to the extent the rates set in the general rate case are set to explicitly or implicitly recover the net lost revenues associated with those kWh sales reductions. The PPI is based on the net dollar savings of the

portfolio as calculated using the Utility Cost Test. Pursuant to the New Mechanism, the PRI is based on the gross avoided costs of those programs eligible for the PRI.

### **RIDER 13 RATE OVERVIEW**

7. The revenue Duke Energy Progress seeks to recover under the proposed Rider 13 is as follows:

- \$19,613,910 from Residential Customers and
- \$17,864,027 from General Service Customers.

7. For Rider 13, the billing factors were separated to reflect participation in EE programs, DSM programs, or both EE and DSM programs. The proposed Rider 13 billing factors include true-up and prospective components.

8. Based on the total costs to be recovered under the proposed Rider 13, the billing factors applicable to South Carolina customers for the billing period January 1, 2022 through December 31, 2022, inclusive of gross receipts taxes (“GRT”) and South Carolina Regulatory Fees, would be as follows (shown in cents per kWh):

Rate Class	EE Rate	DSM Rate	Adjustment*	DSM/EE Annual Rider
Residential	0.601	0.217	0.011	0.829
General Service – EE only	0.854		0.004	0.858
General Service – DSM only		0.267	0.002	0.269
Lighting	0.000	0.000	0.000	0.000

*\* Adjustment includes charges related to Residential Energy Conservation Discount, SC GRT, and Reg Fee.*

*Note: All billing factors are rounded to the nearest thousandth of a cent.*

A summary of the calculations used to determine these billing factors and the revenue requirement for Rider 13 can be found in Exhibit 1 and Exhibit 2. The support calculations for Exhibits 1 and 2 are included within Exhibits 3 through 15. The proposed tariff sheet for Rider 13 is attached hereto as Attachment A in redlined form and Attachment B in clean form.

9. DEP submits the following information as required in Order No. 2015-596. A detailed description and evaluation of the Company's EE and DSM programs for 2020 as well as program modifications are set forth in Exhibit 12. DEP also includes a report of all interim measurement and verification data in attached Exhibit 12.<sup>1</sup> DEP performed cost-effectiveness test evaluations for each of its approved DSM and EE programs and prospective aggregated portfolio-level cost-effectiveness test evaluations. These prospective cost-effectiveness test results are attached as Exhibit 15.<sup>2</sup>

10. For each program or measure for which it seeks PPI and/or PRI inclusion, DEP provides the annual projected and actual utility costs, participant costs, number of Measurement Units installed, per kW and kWh impacts for each Measurement Unit, and per kW and kWh avoided costs for each Measurement Unit consistent with the UCT, related to the applicable Vintage Year installations for which it seeks approval in attached Exhibit 7.<sup>3</sup> Information on projections and the variance drivers is included in Exhibit 14.

### CONCLUSION

11. Based on the foregoing, the Company respectfully requests that the Commission

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<sup>1</sup> *Id.* at 21.

<sup>2</sup> *Id.* at 6.

<sup>3</sup> *Id.* at 19.

approve its Rider 13 as described in this Application. Additionally, the Company respectfully requests that the Commission allow the proposed rates to be put into effect without notice or hearing, pursuant to S.C. Code Ann. Section § 58-27-870(F). The proposed rates do not require a determination of the entire rate structure and overall rate of return, and will facilitate an orderly rate administration.

Submitted this 30th day of July, 2021.

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Greenville, South Carolina 29601  
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s/Samuel J. Wellborn

Samuel J. Wellborn  
ROBINSON GRAY STEPP & LAFFITTE, LLC  
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Attorneys for Duke Energy Progress, LLC

### Rider 13 Exhibits

Exhibit 1	Summary of DSM/EE Billing Rates
Exhibit 2, page 1	Energy Efficiency Rate Derivation
Exhibit 2, page 2	Demand Side Management Rate Derivation
Exhibit 2, page 3	Rate Period Revenue Requirement Summary
Exhibit 2, page 4	Determination of Net Revenue Requirement for Test Period
Exhibit 2, page 5	Test Period Revenue Requirement Adjustments
Exhibit 2, page 6	EMF Period Revenue Requirement Summary
Exhibit 2, page 7	Revenue Adjustment Factors
Exhibit 3	Calculation of Interest
Exhibit 4	2020 Actual Revenues
Exhibit 5, page 1	Allocation Factor for Year 2018
Exhibit 5, page 2	Allocation Factor for Year 2019
Exhibit 5, page 3	Allocation Factor for Year 2020
Exhibit 5, page 4	Allocation Factor for Year 2021 and Estimated Factor for Year 2022
Exhibit 5, page 5	Energy Allocation Factors
Exhibit 5, page 6	Demand Allocation Factors
Exhibit 6	Forecasted 2022 kWh Sales and Actual 2020 Opt out kWh
Exhibit 7, pages 1 and 2	True up for 2018 Load Impacts and Estimated Revenue Requirements, Excluding Lost Revenue by Program
Exhibit 7, pages 3 and 4	True up for 2019 Load Impacts and Estimated Revenue Requirements, Excluding Lost Revenue by Program
Exhibit 7, pages 5 and 6	True up for 2020 Load Impacts and Estimated Revenue Requirements, Excluding Lost Revenue by Program
Exhibit 7, pages 7 and 8	Estimated 2022 Load Impacts and Revenue Requirements, Excluding Lost Revenue by Program
Exhibit 8, pages 1 and 2	SC Net Lost Revenue for Vintages 2017-2022
Exhibit 8, pages 3 through 6	SC Net Lost Revenue True-Up for Vintages 2017-2019
Exhibit 9	Actual Program Costs – Year 2020
Exhibit 10	Found Revenue
Exhibit 11	Program Descriptions
Exhibit 12	EM&V Activities & Reports
Exhibit 13	Opted-Out in 2020
Exhibit 14	Changes from Prior Filing Due to Application of M&V and Participation; System kWh and kW Impacts Net Free Riders at the Plant
Exhibit 15	Projected Cost Effectiveness for Vintage 2022



DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY  
RIDER DSM/EE-~~12A~~13APPLICABILITY

The rates shown below are included in the MONTHLY RATE provision in each schedule identified in the table below:

Rate Class	Rate*
Residential Applicable to Schedules: RES, R-TOUD & R-TOUE	<del>0.6470</del> .829¢/kWh
General Service (EE Only) Applicable to Schedules: SGS, TSS, TFS, MGS, SGS-TOU, SI, SGS-TES, CSG, CSE, GS, LGS, LGS-TOU, LGS-CUR-TOU, LGS-RTP & Rider SS	<del>0.9000</del> .858¢/kWh
General Service (DSM Only) Applicable to Schedules: SGS, TSS, TFS, MGS, SGS-TOU, SI, SGS-TES, CSG, CSE, GS, LGS, LGS-TOU, LGS-CUR-TOU, LGS-RTP & Rider SS	<del>0.1070</del> .269¢/kWh
Lighting Applicable to Schedules: ALS, SLS, SLR & SFLS	0.000¢/kWh

\* The Rate, shown above, includes a South Carolina regulatory fee and gross receipts taxes.

The Demand Side Management (DSM) and Energy Efficiency (EE) Rates are adjusted annually to reflect the costs and incentives associated with demand side management and energy efficiency measures and programs approved by the Public Service Commission of South Carolina.

Demand Side Management/Energy Efficiency “Opt-Out” Option

Commercial customers with annual consumption of 1,000,000 kWh or greater in the billing months of the prior calendar year and all industrial customers may elect not to participate in Company's demand side management and energy efficiency programs by notifying Company of the customer's election in writing. Any Customer that elects this option will be exempt from paying either the DSM Rate or EE Rate, or both. For purposes of application of this option, a Customer is defined to be a metered account billed under a single application of a Company rate tariff. For commercial accounts, once one account meets the opt-out eligibility requirement, all other accounts billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to opt-out in the same manner from paying the DSM Rate or EE Rate, or both. Since these rates are included in the rate tariff charges, Customers electing this option shall receive the following Credit on their monthly bill statement:

DSM Rate Credit = Billed kWh times DSM Rate\*  
EE Rate Credit = Billed kWh times EE Rate\*

\* The DSM Rate and EE Rate shall be as shown in the above table for the schedule applicable to Customer's monthly bill.

Following the December bill each year, usage for commercial accounts electing to “opt-out” of either the DSM or EE rate shall be reviewed and the customer shall be notified and removed from the “opt-out” option if annual consumption is less than 1,000,000 kWh in the prior twelve months.

Duke Energy Progress, LLC  
(South Carolina Only)

SC DSM/EE-~~12A~~13  
Superseded Rider DSM/EE-12A

### SALES AND FRANCHISE TAX OR PAYMENT IN LIEU THEREOF

To the above charges will be added any applicable South Carolina sales tax, and for those customers within any municipal or other local governmental jurisdiction, an appropriate amount to reflect any franchise fee, business license tax, or similar percentage fee or tax, or charge in lieu thereof imposed by such entity.

### GENERAL

Service rendered under this Schedule is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

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Lighting Applicable to Schedules: ALS, SLS, SLR & SFLS	0.000¢/kWh

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